3/30/87 C5150-3

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

VOL. 26, NO. 7 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | $2 per copy | March 30, 1987

NHMA Show Draws Housewares Buyers

Housewares buyers will flock to Chicago in April for the National Housewares Manufacturers Association show. DSN's special 35-page show package, including articles on the RTA furniture boom, colorful clocks, new UL-regulations covering small appliances, a trendy New York City specialty dealer, a photo essay on discounters' housewares departments and a look at current retailer housewares advertising, begins on page 37. (DSN photo)

Price Club Acquires TSS Units for $50M

By Donald Longo

BROOKLYN, N.Y. — After spurning numerous suitors over the past decade, 90-year-old George Seedman, chairman of the 32-unit TSS-Seedman's discount chain here, finally said, "I do," this month to The Price Company's proposal to acquire his discount chain for at least $50 million.

Price Company's purchase of the 69-year-old privately-held company provides the nation's largest membership warehouse club chain with a foothold for blitzing the New York metropolitan area with as many as 13 Price Clubs by the end of next year.

Price, which operates 27 membership clubs in five states churning out more than $2.5 billion in sales annually, could be generating an additional $500 million if it elects to renovate all 12 TSS-Seedman department stores in the New York area large enough to accommodate Price Club's 100,000-sq.-ft. warehouse format. Price intends to convert some TSS-Seedman's stores into Seedman Price Clubs starting in 1988.

Price's agreement, which is expected to be executed by the end of April, calls for the membership club chain to acquire at least 81% of the discounter's outstanding stock under terms that envision a purchase of the entire company. The initial $50 million payment is subject to upward revision based upon future events, according to informa-

(Continued on page 95)

TSS-Seedman's has agreed to sell the discount store chain to San Diego-based Price Club, the nation's largest membership warehouse club chain. (DSN photo)

K mart Chairman Fauber Predicts Sales Will Reach $26 Billion in 1987

TROY, Mich. — K mart Corp., which posted sales of $23.8 billion for 1986, will sail past the $26 billion mark this year, chairman Bernard M. Fauber predicted.

The 1986 sales figure represents an 8% increase over 1985 in sales from its continuing operations: K mart stores, Waldenbooks, Pay Less Drug, Bargain Harold's, Kresge and Jupiter stores.

Fauber's projection for 1987 volume would amount to a volume gain of more than 9% over last year's figures. That projection also confirms *DSN's* own estimate for volume by the retail mammoth by the end of this year (see *DSN*, Dec. 8, 1986, page 1). It also supports *DSN's* projection that, if the corporation's sales increase by 7% per year, K mart could outperform Sears by 1991.

Bernard M. Fauber

Last year, net income from

(Continued on page 95)

Wal-Mart Profits Shine Amid Mixed '86 Results

Nationwide DSN Report

Heavily mixed year-end results, large-scale expansion and heavy investment marked 1986 year-end financial reports released this month by major discount retailers. Overall, most leading discounters prospered. However, New England regional discounters suffered from store proliferation and tough competition for the Northeast's lucrative market.

Except for those operating in the overcrowded Northeast, discounters planned aggressive expansion for 1987, even at the cost of lower year-end profits.

Minneapolis-based Target, for instance, will open 50 refurbished Gemco stores and several other newly constructed stores this year, anticipating a "negative impact on 1987 earnings of approximately 30¢ per share" as a result. The chain will also enter the Pacific Northwest with as many as 35 units over the next five years.

The nation's two largest discounters posted substantial gains, setting sales and earn-

(Continued on page 95)

Crazy Eddie Expands into White Goods In New, Larger Stores outside New York

EDISON, N.J.— Crazy Eddie could be selling major appliances as early as the end of April as the 36-store consumer electronics chain here turns its attention to operating larger stores outside the Metropolitan New York Area.

A Crazy Eddie store in Philadelphia, which opened in November, will be carrying major appliances such as refrigerators, washers and dryers by the end of April, said a store source. Plans call for the delivery of purchased goods to be handled by the manufacturer, said an analyst who follows the company, avoiding the burden of inventory and distribution costs.

Officially, a Crazy Eddie spokesman declined to comment specifically on the company's plans except to say that major appliances will appear in a number of Crazy Eddie stores in the near future.

Selling white goods will help Crazy Eddie compete better against other New York Metropolitan Area retailers that have been selling both brown and white goods for some time, namely, Newmark & Lewis, Trader Horn and Tops Appliance.

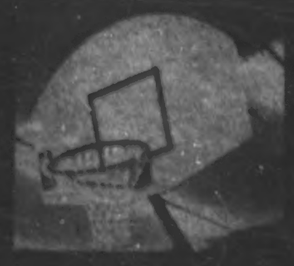
The company plans to follow its "insannnne" pricing policy in which it pledges to beat any competitor's advertised price on the sale of major appliances, a Crazy Eddie spokesman said.

But the move raises questions about the future direction of Crazy Eddie. The large

(Continued on page 89)

0024037C DS
MS JEANNE LONG
CONGRESSIONAL INFOR SVC 1FA
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

m RTA Following



Basics Score Comeback In Sporting Goods Depts.

MARKETWATCH

Target Eyes Pacific Northwest

SEATTLE — Target, which is still digesting 54 former Gemco Stores in California, Nevada and Arizona, has announced plans to push northward into Washington and Oregon with up to 35 units by 1993. In the fall of 1988 nine stores will be opened in Washington and another three will open near Portland, according to Target spokesperson George Hite. Only seven specific locations in Washington were given as late '88 openings: Everett, Linwood, Tacoma, Puyallup, Federal Way, Lakewood and Vancouver.

Thrifty May Expand Sporting Goods Div.

LOS ANGELES — Thrifty Corp. may expand its retail sporting goods division as parent company, Pacific Lighting (PL), announced plans to sell its real estate businesses. Big 5, Michigan Sporting Goods and Gart Bros. are all divisions of Thrifty—which PL acquired last August. Industry observers anticipate that PL's real estate assets could bring $300 million—more if additionally leveraged. A PL spokesman said his firm has made no definite plans about selling the real estate division or how the funds will be used when the sale is complete. "There are opportunities out there that are very attractive" for retail and expansion plans, he said. PL said Thrifty already plans on opening an additional 20 sporting goods stores in 1987. It operates a total of 134 sporting goods outlets: 94 Big 5 stores, 24 Michigan outlets and 16 Gart stores, making Thrifty the third largest sporting goods retailer in the nation.

BJ's to Open 3rd South Fla. Club

POMPANO, Fla. — BJ's Wholesale Club announced plans to open its third membership warehouse club in South Florida. The newest BJ's is slated to open here in mid-July, announced Zayre Corp., its parent. It will join the first South Florida BJ's, in Hialeah Gardens, and another warehouse unit set to open in Miami April 22.

ALCO Invests $4.5M for POS Gear

ABILENE, Kan. — Duckwall-ALCO Stores, a midwestern retail chain with some 160 discount stores in 14 states operating under both the Duckwall and ALCO names, is spending $4.5 million to install point-of-sale terminals, software and host communications in 90 of its ALCO stores. The software will provide stores with layaway tracking, account verification, corporate communication and extensive reporting capabilities. A spokesman for the systems vendor, Hugin Sweda, Pine Brook, N.J., said 400 hand-held scanners will be installed in the stores, which are expanding merchandise lines to include food.

NACSM to Select New President

GREENWICH, Conn. — The National Association of Catalog/Showroom Merchandisers' board of directors at its April 6 meeeting in Chicago is expected to select a successor to Marion Baker, who resigned as association president earlier this month. The board meeting will precede the NACSM annual meeting and banquet at the Ambassador West Hotel. Meanwhile, Betty Broadus is representing NACSM at its headquarters here, including handling banquet ticket orders at $50 each.

MGM/UA Adopts UPC for Videocassettes

NEW YORK — MGM/UA Home Video has adopted UPC as the product marking system for its VHS and Beta videocassettes and Laserdiscs. In its UPC code, the first five numbers identify MGM/UA as the vendor, while the next four digits are the catalog number for the title of the videocassette or laserdisc. The final, fifth digit designates VHS (3), Beta (5) or Laserdisc (6).

INDEX

Adwatch	20
Apparel	25
Ladies Wear/Special Sizes	25
Classified	96
Editorial	6
Executive Changes	11
Hard Lines	73
At the Source	79
Manufacturer News	83
Sporting Goods	73
Home Products	37
At the Source	67
Housewares	49
Manufacturer News	64
RTA Furniture	37
Prevention Pays	22
Retail Management Development Series	84
Stock Update	87

Price Savers Steps Up Growth In South California Market

By Pamela Krein

SALT LAKE CITY — Price Savers is taking advantage of the growing consumer acceptance of membership warehouses by expanding its presence in California.

Set to open in May will be the second Los Angeles-area warehouse for Price Savers, and the first of three to open this year in the region. Price Savers announced plans to open eight to 10 new warehouses in the Southern California market in the next two years.

The chain operates six warehouses, located in Anchorage, Salt Lake City, Seattle and metro Los Angeles, and plans to double that total to 12 by the end of 1987.

Kevin Dunn, marketing director for Price Savers, said the company is looking to take advantage of the popularity of warehouse outlets, particularly in areas where other warehouse units—typically Price Clubs—already operate.

Price Savers is not looking to "butt heads [with Price Club], rather share the markets," Dunn said. Price Savers is keeping a five-mile radius distance from Price Club outlets, he added.

Dunn acknowledged that the company's warehouses follow the Price Club format, because "we're really patterned quite similar to them." At least 60% of Price Savers' membership is derived from businesses, with the rest coming from government and bank employees.

Cost-consciousness keeps Price Savers' prices low on such items as appliances, food, household goods, automotive and electronic equipment, office supplies, beverages and some clothing, Dunn said.

A subsidiary of The Kroger Co., Price Savers is relying on its parent company for much of the capital investment for the expansion. Kroger is "really behind us," since Price Savers has been able to show "an ability to control expenses," he said. Management and merchandising decisions come from Price Savers' head office in Salt Lake City, Dunn said, through company president Thomas Grimm.

Reflects Industry Changes

DSN Updates Discount Stock Index

NEW YORK — *Discount Store News* has expanded and updated its Discount Industry Stock Analysis Table to reflect changes in the industry.

To provide for expanded coverage and more timely data, these eight companies have been added to the stock report: Fred Meyer, the Portland, Ore., discount chain that went public late last year; Costco, the membership warehouse club chain; Best Buy and Fretter, two consumer electronics specialty chains; Brendle's, the catalog showroom company, and teleshopping firms QVC, Entertainment Marketing and Jones Intercable.

Dropped from the list were Gordon Jewelry, which sold its catalog showroom operation, and Lucky Stores, which in recent months sold its Gemco discount stores and Yellow Front general merchandise divisions.

Four of the new additions posted gains in the two weeks ended March 13. Costco closed up 7.3% to $14.63 per share; Brendle's was up 3.5% to $14.75; Entertainment Marketing rose 5.4% to $14.75, and Jones Intercable advanced 5% to $15.50 per share.

For the full listing of discounter stocks and the *DSN* Index, see page 87.

DSN Names Hisey Associate Editor

NEW YORK — *Discount Store News* has named Peter Hisey to the position of associate editor, announced Tony Lisanti, executive editor.

The addition of Hisey, who previously served as managing editor of *Wallcoverings Magazine*, a monthly trade publication, brings to seven the number of full-time staff editors covering discount retailing out of *DSN's* New York office. *DSN* also operates editorial bureaus in Washington, D.C., and Los Angeles.

Hisey, who earned a BA in political science from the University of Connecticut in 1978, reports to *DSN* managing editor Donald Longo.

DSN 25th ANNIVERSARY TRIVIA QUIZ

As part of its 25th anniversary, DSN is offering a $100 prize to the person who correctly answers the most questions during the year. Please type the answers along with your name, address, and telephone number, on standard letterhead, and mail to: Quiz Editor - 3/30, Discount Store News, 425 Park Ave., New York, N.Y. 10022. Winners and answers will be announced in a future issue. Answers to questions below appear somewhere in this issue.

25 Years Ago This Week:

I Have Seen The Future and It's One of These Guys: Target planned to open its third store in the Minneapolis suburb of Crystal; W.T. Grant entered the discount business.

Gee Mr. Science: A New York firm introduced a "talking" shopping cart which set off a foghorn if a customer tried to remove it from a parking lot.

1. What national discounter announced the opening of its second store March 29, 1962?
a)K mart;
b)Wal-Mart;
c)Zayre.

20 Years Ago This Week:

Those Were the Days: Heck's set records in sales and earnings, netting $971,018 on sales of $22.6 million.

Santa Claus Stock Plummets: The Toy Manufacturers of America announced that discounters were now ranked first in U.S. toy sales.

2. What chain, parent of a major discounter, topped $1 billion in sales in 1966?
a)K mart;
b)Kresge;
c)Mammoth Mart.

10 Years Ago This Week:

Open and Shut: Ames announced three closings, but expected a net gain of five units for the year; Mammoth Mart opened five stores on its way back from Chapter 11.

3. What pioneer discounter teetered on the edge of extinction after record losses in '76?
a)W.R. Grace;
b)Korvette;
c)Wal-Mart.

5 Years Ago This Week:

Oh, Really?: A study concluded that baby boomers were most likely to shop discount stores, with mass merchandisers second.

4. What Southeast chain opened 14 newly acquired stores in March 1982.
a)Sky City;
b)Heck's;
c)Rose's.

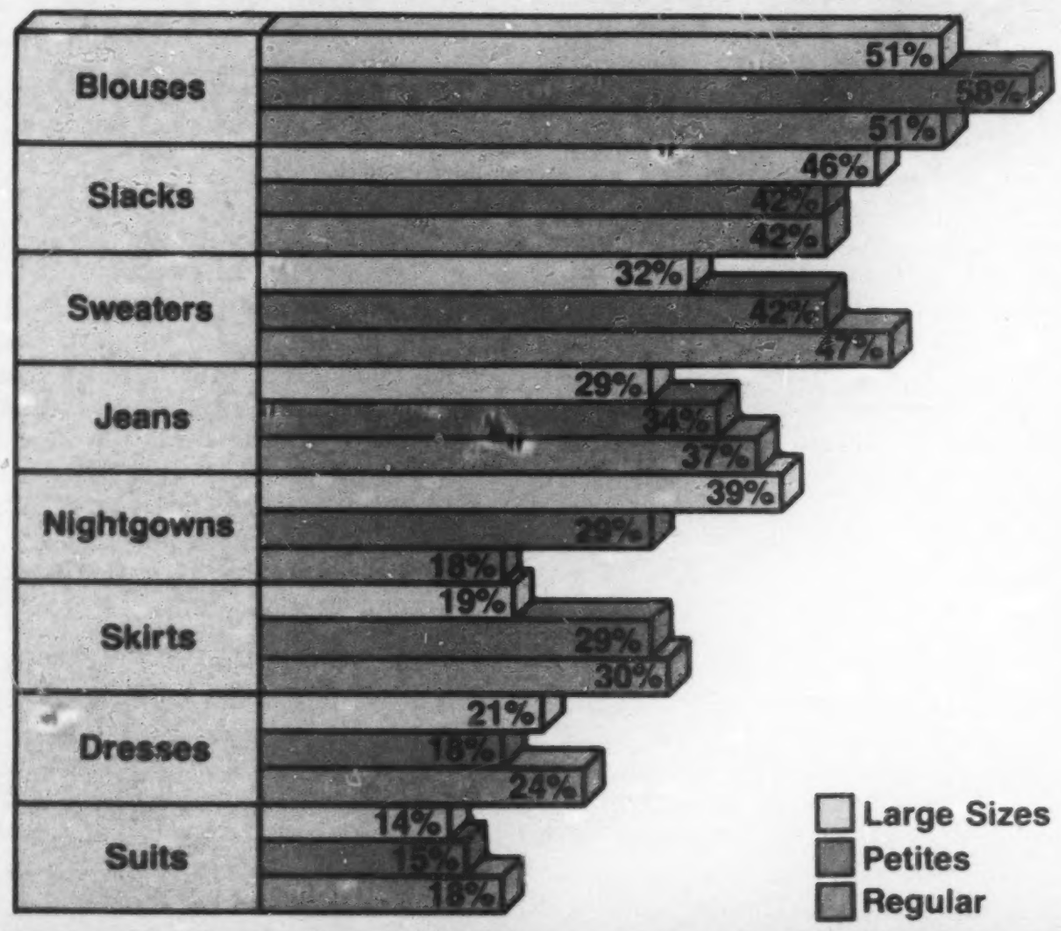
One Year Ago This Week:

5. What discount chain was eyeing expansion into the Northern California market?
a) Toys "R" Us;
b) Target;
c) Gemco.

Needs of Large, Petite Ladies Differ from 'Top to Bottom'

Women Who Find These Items Very Important to Their Wardrobe

Large-size women value nightgowns more than smaller counterparts.

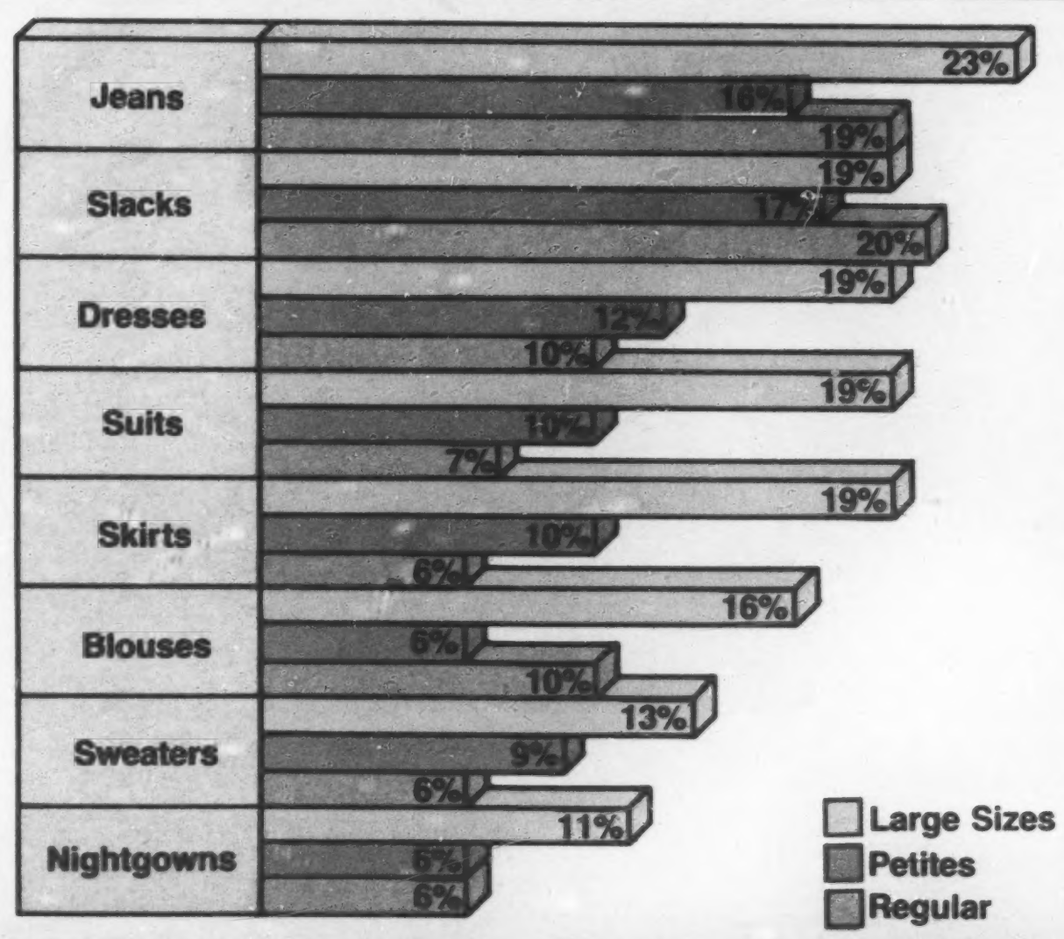


Percentages exceed 100 due to multiple responses.

Source: Leo J. Shapiro & Associates; Discount Store News; Feb. 1987

Women Who Find These Items Very Difficult to Buy

Large-size women mention blouses and sweaters as more difficult to buy more often than petites and regular size women.



Percentages exceed 100 due to multiple responses.

Source: Leo J. Shapiro & Associates; Discount Store News; Feb. 1987

Where Women Go to Buy Jeans

Discounters rival department and specialty stores for top large-size share.

	Large Sizes	Petites	Regular
Department Store	17%	24%	28%
Discount Store	16	7	12
Sears, Ward, Penney	9	15	11
Women's Apparel Store	15	12	5
Off-Price Apparel Store	1	5	2
Other	4	7	14
Not Answering	38	30	28

Source: Leo J. Shapiro & Associates; Discount Store News; Feb. 1987

Where Women Go to Shop for Slacks

Fewer special-size women cite department stores as a source for slacks.

	Large Sizes	Petites	Regular
Department Store	25%	28%	41%
Sears, Ward, Penney	15	21	15
Women's Apparel Store	21	17	11
Discount Store	10	10	6
Off-Price Apparel Store	1	5	2
Other	4	2	4
Not Answering	24	17	21

Source: Leo J. Shapiro & Associates; Discount Store News; Feb. 1987

Nationwide DSN Report

Large-size and petite women put their wardrobes together differently, found a *Discount Store News*-commissioned shopper survey.

For example, large-size women see nightgowns as much more important to their wardrobes than other women. Those women also place much less importance on skirts.

Petite women, on the other hand, put more emphasis on blouses and a little less on dresses than do either regular or large-size women.

A recent consumer poll conducted for *DSN* by Leo J. Shapiro & Associates in Chicago gauged the apparel shopping habits and attitudes of women, focusing on the special qualities of both large-size and petite women.

Nationally, the telephone survey conducted earlier this year found that more than half of all women are either large-size (size 16 and up) or petite (5-ft., 4-in. and shorter). Of the 63% of those polled who qualify as special-size women, 27% wore large sizes and 36% fit the petite requirements.

Large-size women have a harder time finding tops that fit them than petite or regular size women. Petite women share a concern with jeans, slacks and dresses with the larger woman. But fit on all items of apparel seems to be a problem for large-size women more often than for petites.

It also appears that discount stores have a greater share of the large-size business than of petites, which is not surprising, since many chains still do not have petite departments.

In fact, fewer petites are used to their own sections in any store. Almost 75% of the large-size women said they shop in special departments of stores with regular sizes, compared to only about half of the petites.

Only about a third, 32% of the petite women had ever shopped in a special-size store. But 59% of the large-size women had.

Only 38% of large-size women said they mainly shop at special-size stores. That was true of just 13% of the petite ladies.

There is a contradiction in the way special-size women approach costs of clothing. The survey revealed that 55% of all women who have shopped in a special-size department or specialty store think that special-size clothing costs more. (60% of large-size women, 49% of petites and 52% of regular women think so.)

However, in most specific cases, petite and large-size women actually planned to pay less than their regular size peers for clothing.

Women who had visited special-

(Continued on page 28)

Where Women Go to Shop for Sweaters

Discounters rank fourth as the most-likely store to purchase sweaters among all women.

	Large Sizes	Petites	Regular
Department Store	28%	29%	41%
Women's Apparel Store	17	16	9
Sears, Ward, Penney	15	16	13
Discount Store	13	12	9
Off-Price Apparel Store	2	5	3
Other	2	5	6
Not Answering	23	17	19

Source: Leo J. Shapiro & Associates; Discount Store News; Feb. 1987

Where Women Go to Shop for Blouses

Discounters are mentioned more often by large-size women as the store to shop for blouses.

	Large Sizes	Petites	Regular
Department Store	35%	35%	39%
Women's Apparel Store	17	20	14
Sears, Ward, Penney	16	19	16
Discounters	15	7	9
Off-Pricer Apparel Store	3	4	4
Other	4	5	3
Not Answering	10	10	15

Source: Leo J. Shapiro & Associates; Discount Store News; Feb. 1987

Ladies' Special-Sizes Boutique to Replace Domestics at Ross

DON'T PAY DEPARTMENT STORE PRICES
LARGE SIZE DRESSES
SAVE 41%-44%
Save on a great selection of the latest and loveliest large size dresses. Choose from one or two-piece styles for smart days or elegant evening. In polyester and polyester blends. Sizes 16W-24W.
$39-$59
COMPARE AT $70-$100
The Smart Buck Stops Here
ROSS
DRESS FOR LESS

Ross Stores is already advertising large-size dresses in the Seattle market. By fall the chain will offer large and petite sizes in the majority of 251 stores.

NEW YORK — Ross Stores plans to have full-fledged ladies' special-size departments up and running in 80% of its stores by Aug. 1, according to Bernard Tulman, a New York-based buyer for the California off-price chain.

Space that had previously been devoted to home textiles will be redesigned as a boutique catering to petites and large-size women. Special signing and strictly fashion-type fixtures such as four-ways and rounders are planned. That way, Tulman said, the chain can make a dramatic statement to the large or small woman.

Moderate Price Points

The sections will average from 2,500 to 3,000 sq. ft. The "full-scale" departments will include tops, bottoms, dresses, outerwear, coordinates, hosiery and lingerie. "We want to give them a mirror of the missy assortment," said Tulman. Merchandise should be mainfloor or second floor department store brands with moderate price points.

Ross's major competitors, such as Marshalls, already carry petite and large-size merchandise, but not in a separate shop that spans the apparel categories, he said. "We're catering to a special-size customer who hasn't found what she wants in Marshalls.

"We see special sizes—petites and large sizes—as a growth area," said Tulman, a former missy buyer who now buys both size ranges.

"I've just been out in the market and what I see in large sizes are very exciting," Tulman added.

Petites hold untapped potential for the 121-unit chain because of the number of stores concentrated on the West Coast and in the Sunbelt, where Oriental and Mexican women are a big portion of the customer base, he added. In Florida, where the chain also operates, Cuban women are often petites. Women who meet the criteria (5-ft., 4-in. and shorter) may have already been buying junior sizes, but will be better served in petites, Tulman said.

The litmus test for the new boutique was performed in six Ross stores in Seattle starting last August. Sections of those stores were leased to Virginia Specialty Stores, which also operates freestanding upscale and off-price apparel stores for special-size women.

> ***'We're catering to a special-size customer who hasn't found what she wants in Marshalls.'***
>
> —Bernard Tulman, buyer, Ross Stores

The test convinced Ross of the viability of the two categories. In the future, Ross will operate the departments itself.

More conviction and expertise in the petite portion of the business may come via the off-pricer's major investor, U.S. Venture Partners, which is headed by Stuart Moldaw, who is also chairman and chief executive officer of Ross. Venture Partners is currently launching a chain of specialty stores called Karen Austin.

That chain is being run by former executives of Macy's and Bambergers to be an upscale petites chain with a career slant. Tulman equated the positioning of the 3,000 to 3,500 Karen Austin units to Alcott & Andrews ladies' apparel stores, which he said combine branded goods with private labels.

Wardrobe Problems Differ Among Large, Small Women

(Continued from page 26)

size sections or shops were asked how much they expect to pay for eight items: skirts, dresses, jeans, slacks, suits, sweaters, blouses and nightgowns. In every case the average price quoted by the large-size women was lower by ($2 to $7) than the average price regular size women expected to pay for the same item.

The biggest gap was in the price they said they expect to pay for slacks: the average price named by large women was $22.18, compared to $29.05 among regular size ladies. The numbers were closest in the expected price of jeans; the average was $23.03 for larger sizes and $25.79 for regular sizes.

Petite women expected to pay lower retails than regular size ladies in five of eight categories. The average price expected was about the same for three items: jeans ($26), dresses ($51) and nightgowns ($18). Petite women planned to pay as much as $4 less for suits and as little as $1 less for a blouse.

A total of 610 women were interviewed for the survey. A national survey was supplemented with a regional search for more special-size consumers. Of those polled, large-size women were older, with an average age of 51, compared to age 45 among petites and age 40 among regular size women. On income, the lowest average was among large-size women with the highest among regular size women.

Discounters are second among large-size women as the most likely store to shop for nightgowns.

	Large Sizes	Petites	Regular
Department Store	32%	30%	34%
Sears, Ward, Penney	15	24	18
Discount Store	18	11	11
Woman's Apparel Store	14	8	5
Off-Price Apparel Store	2	3	2
Other	4	5	6
Not Answering	15	19	24

Women's Special Sizes Provide Opportunity to Increase Sales

(Continued from page 25)

In the marketplace, the looks keep getting more contemporary, said Kathy Foley, who has been merchandise manager since K mart broke out a large-size division 15 months ago. "We took the successes of the missy department more than the looks from the junior area," she said, explaining the development of her business.

The Jordache coordinates, all priced for under $20, help broaden the appeal among the 20- to 30-year-old large-size woman, she said. The first collection hit the stores late in February with ads breaking in March in national women's magazines. A second collection will be in the stores for the holiday season, she said.

Zayre is also planning to invest more of its selling floor and inventory in the large-size category, said Gully. The business is on the upswing and the footage is not consistent with the volume he reports. His plans include developing the assortments with a basic fleece program in addition to the novelty fleece already offered. He is also considering creating a shop instead of breaking up the large-size merchandise in departments.

At Hills, "the end of the rack" placement has worked in large sizes, according to merchandise manager Erma Treff. Large-size sweaters or blouses are put on the end of the rack beside regular sizes. "When I came here, the first thing I said was 'I want a department.' But in some stores I do 50% and in others 20%, in each individual store I tend to get all the space I need this way," she said.

Treff thinks growth in the large-size area will continue. America is getting fatter, less obsessed with dieting and older, she pointed out. Dollar stores with their lower income, rural clientele also enjoy a healthy large-size ladies' wear business. In some Dollar General Stores 40% of the ready-to-wear business comes from large sizes and in other stores can go up to as much as 50%, according to Cecilia Yip, ladies' merchandise manager for the Scottsville, Ky., chain.

Although prices are lower and a large percentage of the goods are closeouts, Yip has done what most retailers have. She has infused more updated styling and color in the large-size selection.

At Family Dollar in Charlotte, N.C., a large-size woman can find jeans, sweaters, intimate apparel, hosiery, shorts, swimsuits and even wide width shoes, reports Harry Levine, vp of merchandising. At his chain, the large-size business, now 15% to 20% of ladies' wear sales, hasn't yet reached its potential, he said.

Product Liability Insurance Hobbles Sporting Goods Growth

WASHINGTON — A record-breaking year for U.S. sporting goods manufacturers was dampened by soaring liability insurance costs, U.S. Commerce Department economists said in a report.

Industry shipments of athletic equipment rose 2.6% in 1986, reaching a record value of nearly $4 billion, researchers said. At the same time, the product liability threat was driving some firms out of business, forcing others to drop some product lines and pushing up liability insurance costs throughout the industry.

"Industry sources indicated that insurance premiums and legal fees may be as high as 15% of sales in certain sporting goods product lines, [such as football helmets]," researchers said. Other manufacturers of equipment such as archery, scuba diving and gymnastics gear, are paying as much as 3% to 4% of sales for liability insurance, "and the level of coverage provided by the insurance is inadequate," they said.

Economists expect "significant growth" in sporting goods consumption by Americans to continue in 1987. They predicted that sporting goods shipments will increase 3%, spurred by more "disposable income" in U.S. consumer pockets. Moreover, domestic sporting goods will be more competitive with imported equipment "as the full effects of the dollar devaluation are felt," they said.

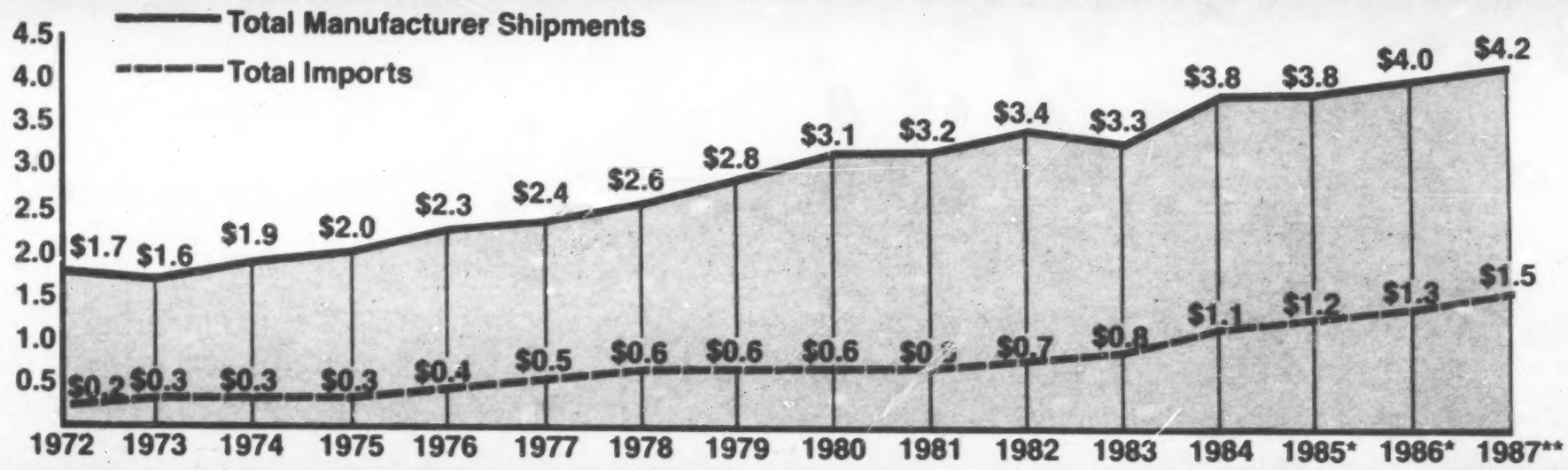
U.S. industry shipments also are projected to continue growing at 3% per year through 1991.

During the next five years, the 25- to 44-year-old age group will increase more than 10%, twice the growth predicted for the overall population, the Commerce report said. That demographic change, combined with economic and income changes, is expected to "boost demand for sporting goods."

Whether product liability costs will continue to consume industry profits could rest in the hands of Congress. Bills addressing liability concerns are expected to be reintroduced in the Senate and House this year, but economists warned that there is a high degree of uncertainty that Congress will take legislative action in the near future.

Sporting Goods: Value of Manufacturers Shipments & Imports, 1972-1987

(In Billions)



*Estimate
**Forecast

Source: U.S. Department of Commerce

Whether product liability costs will continue to consume industry profits could rest in the hands of Congress. Bills addressing liability concerns are expected to be reintroduced in the Senate and House this year, but economists warned there is a high degree of uncertainty that Congress will soon take legislative action.

America, get reading.
Read a poem aloud each night before dinner. Read to your kids.
Make all your gifts books.
Subscribe to a magazine you've always wanted. Read the book before you see the movie.
Make sure everyone in your family has a library card.
Make sure they use it.
Experience the power and pleasure of reading.

Use America's libraries.

American Library Association

Shares in the World Sporting Goods Market, 1975-1985

Year	U.S.	Taiwan	South Korea	Japan	West Germany
1975	17.4%	6.5%	2.7%	10.9%	5.1%
1976	14.1	8.6	3.9	12.6	5.0
1977	12.1	8.9	5.7	13.5	5.4
1978	13.2	11.1	5.6	10.3	5.1
1979	13.4	11.2	5.7	8.5	5.2
1980	12.6	17.3	6.0	8.0	5.2
1981	14.4	14.9	7.0	8.9	5.4
1982	14.5	16.1	7.2	8.6	5.4
1983	13.0	19.7	8.1	8.5	5.2
1984	10.0	24.4	9.4	8.6	4.9
1985	8.6	25.8	9.0	10.6	4.9

Source: U.S. Department of Commerce

Offshore Producers Up Market Share Of International Sporting Goods Sales

NORTH PALM BEACH, Fla. — U.S. sporting goods manufacturers continue to watch deterioration of their share of the worldwide market as offshore producers dominate the American market as well as international sales. The Sporting Goods Manufacturers Association estimates that the trade deficit in sporting goods "should surpass $7.5 billion" in 1987.

Howard J. Bruns, president, SGMA, noted that offshore manufacturing now has 55% of the domestic market and that the trade deficit "will not improve simply because we have a weaker dollar."

Internationally, U.S. share of the sporting goods market was cut in half in the 10 years ending in 1985.

The Little People story continues.

It all started when Fisher-Price created Little People. Little people everywhere loved Little People. And big people loved Little People because they recognized the Fisher-Price name and knew that it meant quality. And what happens when you get famous? They write books about you.

Fisher-Price
Little People Books

MARVEL BOOKS 387 Park Avenue South, New York, NY 10016, 212-696-0808

Fisher-Price and Little People are trademarks of the Fisher-Price Division of The Quaker Oats Company. ©1987 Fisher-Price. All rights reserved. Marvel is a registered trademark of Marvel Entertainment Group, Inc., a New World Pictures Co.

Wal-Mart Reports Robust Profits Amid Mixed Chain Results

(Continued from page 1)
ings records. Bentonville, Ark.-based Wal-Mart's earnings shot up 37% over 1985 figures to $450.1 million on sales of $11.9 billion, an increase of 41%. The chain attributed the growth to unit expansion (store count grew by 121 to 980), along with a combination of customer service, stocking and pricing improvements.

K mart, the Troy, Mich., chain, scored an earnings increase on an 8% rise in sales for 1986 (see story, page 1).

At the other hand, Zayre, based in Framingham, Mass., saw profits dip slightly more than 2% on sales increases totaling $5.3 billion. Jack Seibald, a Salomon Bros. analyst, said Zayre's "discount stores really took a hit" in 1986. "There was a substantial deterioration in profitability and the fourth quarter was light," he said, adding that a $7.1 million pretax gain on real estate in the fourth quarter was credited to discount department store income, "significantly" improving earnings.

Elimination of the $7.1 million credit lowers segment income for the quarter to $55 million from $67.4 million in the same span of 1985, while total 1985 discount segment income dropped to $122.8 million from $129.9 million. The lower figure is down 13.3%.

The company said its wholesale division, which includes the HomeClub operation acquired a year ago, lost $11.9 million. Drexel Burnham analyst Jeff Edelman said he thinks both HomeClub and the more established BJ's shared in the losses.

Boston analyst Harry Wells, from Adams Harkness, said the loss is significant because the "segment is clearly Zayre's most important growth vehicle over the next five years."

"Excluding BJ's and HomeClub, the company was a 15% grower, where it used to be a 20% grower," Salomon's Seibald summed up. "It needs the warehouse segment for future growth, because its discount segment is mature."

Dayton-Hudson reported mixed segment results, with its Target division gaining solidly, while its two smaller chains, Mervyn's and Lechmere, declined in profitability, Mervyn's by 35%. A Target spokesman said the company's profits were due in part to a lower expense rate, but he noted that a staff cut in the fourth quarter came too late in the year to have more than marginal impact.

May's discount segment, which consists of Caldor and Venture, reported earnings of $155 million on sales of $2.54 billion, a 4.7% rise in profits over 1985. Discount sales rose 8.5%, while 11 new locations (seven for Caldor and four at Venture) were added, bringing discount total to 180. The company plans to open three Caldor and five Venture stores in fiscal 1987.

Shearson Lehman analyst Stacy Ruchlamer noted that "Venture did extremely well, but Caldor was disappointing. Earnings were down for the year, but that should turn around in 1987 and 1988."

Ruchlamer added that Northeastern discounters had "tough, tough times" due to "an awful lot of the same type stores" competing for the same customer, which led to price wars. "I think we'll see a slowing in the rate of growth and a shift from being promotional to being profit driven," she said.

Arnold Dunn, treasurer for Secaucus, N.J.-based Jamesway, reported that profits increased 48% over 1985 to $9.25 million on $523.1 million in sales, but added "1985 was not a very good year." The improved performance stemmed from a 17% sales increase, improved margin, declining SG&A expenses (including better control over payroll and automation of several functions) and the performance of the company's 10 new stores, Dunn said. Hard goods outperformed soft goods in dollars, he added.

Rose's Stores posted a pretax profit gain of 35.4% over 1985, earning $43.59 on sales of $1.19 billion after a "record" 1985 in which the company eclipsed $1 billion in sales and earned $34 million. Rose's opened 16 units in 1986 and plans to add 25 in '87, all within a 300-mile radius of its Henderson, N.C., headquarters.

Major Discounters Report Strong Sales, Earnings Gains in '86
($ in Millions)

Chain	'86 Sales	'85 Sales	% Change	'86 Net Earnings	'85 Net Earnings	% Change	Comparable Store Sales % Change
K mart[1]	$23,800	$22,200	7.2%	570	472	20.8%	5.5%
Wal-Mart	11,900	8,400	41.0	450	327	37	NA
Zayre*	5,300	4,000	32.0	222[2]	227[2]	−2.2	NA
Target	4,300	3,900	10.0	311[2]	279[2]	12	5.0
May (Caldor/ Venture only)	2,540	2,340	8.5	155	148	4.7	NA
Rose's	1,190	1,090	9.1	44	34	29	8.8
Jamesway	612	523	17.0	12	9	31	8.0

*53-week period
[1]Results restated to reflect continuing operations only
[2]Operating Income
NA-not available
Source: Discount Store News research; company reports

Price to Acquire TSS-Seedman's; Grabs New York Foothold

(Continued from page 1)
tion supplied by both Price and TSS-Seedman's. Those "future events" are expected to include a more detailed study of the private company's financial results.

Price Company vice president Mitchell Lynn told *DSN* that earlier plans to open Price's first New York location this summer in Smithtown, Long Island, will proceed on schedule.

Mitchell would not comment on what will happen to the acquired stores that do not become Price Clubs nor on whether the current TSS-Seedman's headquarters staff will be retained. Currently, all TSS stores will continue to operate, he said.

The proposed conversions would greatly accelerate Price Club's expansion pace in 1987. In recent years, the company opened two units in 1982, four in 1983, eight in 1984, four in 1985 and three in 1986. Plans for 1987 included the opening of nine new warehouses and the relocation of three existing facilities.

Contacted at his Brooklyn office, where the venerable executive reportedly has remained extremely active in the daily operations of the company, Seedman declined to explain why he decided to sell the chain to Price after past flirtations with a number of prospective buyers, including Associated Dry Goods—then the parent of Caldor.

In 1983, the company filed a preliminary prospectus for a public offering to raise approximately $30 million. Seedman subsequently withdrew the offer after the stock failed to attract investors at its proposed $17 to $19 price range.

TSS-Seedman's operates 12 full-line department stores in the New York metropolitan area that average about 180,000 sq. ft. in size. The chain also owns four smaller "neighborhood" hard-goods outlets, six 50,000 to 60,000-sq.-ft. discount department stores in Puerto Rico, a chain of women's apparel stores called Finders Keepers, and a wholesale bicycle and auto supplies operation.

Currently, the greatest concentration of Price Clubs is in the super-competitive Southern California market, where 19 of the chain's outlets are located. The average distance between outlets there ranges from 20 to 30 miles.

The New York-area TSS-Seedman's are generally located closer together in working class neighborhoods of Brooklyn, The Bronx, Queens and Long Island.

CVN Seeks More Viewers With New Segmented Shows

(Continued from page 3)
in the retail store operation.

The company's direct marketing arm rang up $81 million in sales, a 40% increase from $58 million. Retail store sales, excluding volume from units to be closed, amounted to $52 million, a 9% increase from $48 million (which included sales from the units to be discontinued). Wholesale volume of $17 million represented an 88% jump from $9 million.

In CVN's new teleshopping schedule, each day features at least one segmented show, usually aired in that day's prime time.

The length of the segmented shows varies, but each includes product demonstrations of the goods for sale.

The CVN Toy Shop, for example, runs Saturday from 11 a.m. to noon, while Worksavers, which offers office furniture, power tools, small appliances and gardening equipment, is broadcast Wednesday from 12:30 p.m. to 1 p.m. and 6 p.m. to 6:30 p.m.

Other shows include:

- CVN Gold Rush, a mix of gold jewelry, watches and gemstone goods, which airs for six hours on Sunday;
- Super Saves, which features "specials priced to sell," and is broadcast twice on Monday for a total of three hours;
- TGIF Sale, offering end-of-the-week specials, unusual buys and three-minute offers for two hours on Friday;
- Fashions Plus, featuring apparel during two one-hour shows on Wednesday;
- High Tech Toys and Electronics, presenting "toys for adults" that include consumer electronic items on Tuesdays in two one-hour shows;
- Silversmith Shop sells silver goods at two separate times totaling two hours on Tuesday.

Quiz Answers:
1. a; 2. b; 3) b; 4. b; 5) b.

K mart Expects $26B Sales in 1987

(Continued from page 1)
K mart's current retail stable rose by 20.8% to $570.3 million, which reflects the companies' overhauled merchandising programs and expense controls, Fauber said.

He tagged 1986 as a "a major turning point" for the corporation, when its remodeled discount stores, newly acquired specialty operations and centralized POS systems started to pay off. In the K mart discount store division, same-store sales rose 5.5% for the year. Fauber noted K mart's $1 billion in pretax earnings from continuing operations as a milestone.

Last year the chain closed its Designer Depot off-price apparel chain and sold its two cafeteria operations.

Evidently, the corporation is not against continuing to sharpen its focus on the discount and specialty businesses. The company recently listened to F. W. Woolworth, which was interested in purchasing some of its Kresge stores. Those discussions, however, ended without an agreement.

Specialty retailing will "significantly increase its contribution to company profits and sales," Fauber said. The specialty divisions, which accounted for 10.5% of sales last year, are expected to contribute 18% by 1990.

Specialty store sales (continuing only) for 1986 totaled $2.5 billion in 1986, up 31.6% from the previous year. K mart's five-year plan states that most of the firm's store growth will be in its specialty divisions.

D-H Begins Television Retailing Test

(Continued from page 3)
like discounters Target and Lechmere or apparel specialist Mervyn's are not involved.

PrimeNet is handling order processing and fulfillment, with goods shipped from DHDSC's Detroit and Minneapolis-area warehouses.

The program is USTV's first national production and syndication effort. USTV is a limited partnership of several TV firms and individuals, including the five-station Hubbard Broadcasting networks.

D-H Direct is not playing up its Dayton's and Hudson's parentage, although Dayton's and Hudson's credit cards, and bank cards, are accepted.

The show is being broadcast in only three markets where DHDSC has units: the Twin Cities, home to Dayton's, and Grand Rapids and Kalamazoo, Mich., Hudson markets.

While USTV selected the TV stations and markets, the show's coverage will provide several benefits to DHDSC. It will enable the firm to measure the show's impact on store sales of the same items and also compare results in markets where it has stores against areas where it doesn't. Sales in these non-Dayton's and non-Hudson's markets could allow DHDSC (and PrimeNet) to develop mailing lists and other information for direct marketing in those areas as adjuncts to D-H's teleshopping or in case the video retailing show is cancelled after its 13-week test. Stations pay for the program through a barter arrangement in which seven minutes for commercials are available.

4/15/87 C5150-3

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

VOL. 26, NO. 8 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | $2 per copy | April 13, 1987

Groton mayor Eric Robba with (from left) store manager Stephen Salva, chairman Harold Frank and executive vp George Granoff.

K mart Tunes in Teleshopping; Supplies Goods for CDN Show

By Arthur Markowitz

TROY, Mich. — K mart is scheduled to enter the TV home shopping field this week when eight-month-old teleshopper Consumer Discount Network (CDN) begins to sell merchandise exclusively supplied by the discounting giant.

The discounter won't provide CDN with merchandise sold in K marts, but rather with products found in other retail stores. The goods will be mainly continuity items, not the closeouts and liquidation items found on other teleshopping shows, said Darrel Schmidt, K mart's director of special projects, who is heading up the teleshopping effort.

Selling non-K mart merchandise avoids the danger that the teleshopping will cut into discount store sales. Video retailing becomes another merchandising operation in K mart's marketing conglomerate that also includes home center, drug and bookstore operations.

The discounter and CDN will meet regularly to review merchandise, its suitability for video retailing and to determine the price to be

(Continued on page 52)

K mart Sells Kresge, Jupiter Units

TROY, Mich. — K mart has agreed to sell 76 of its U.S. Kresge and Jupiter stores to McCrory Corp., the 1,250-unit variety store chain. Details and purchase price were still being determined at presstime, but the companies did say the acquired stores will be renamed McCrory 5 & 10. K mart is expected to operate the units, which are spread over 21 states, until early June.

McCrory chairman Stephen Pistner said the acquired stores will establish the chain's presence in the Detroit market, and enhance its position in other areas. K mart chairman Bernard Fauber said the stores were profitable but did not "fit into our corporate growth plans and asset deployment program." K mart is focusing its growth on its discount and specialty businesses. Last month, K mart entertained an offer from F. W. Woolworth for some Kresge stores but failed to reach an agreement.

Bradlees Opens Three Stores Despite Cost Cutting Efforts

By Peter Hisey

BRAINTREE, Mass. — Bradlees opened three new stores simultaneously two weeks ago in Groton, Conn., Newark, Del., and Randallstown, Md., bringing to 165 the total number of stores operated by the discounter based here.

The new units reflect Bradlees' continued commitment to upscaling its stores, despite cost-cutting measures instituted last month (see *DSN*, March 16, page 1) by its parent, Stop & Shop Company, aimed at buttressing the discounter's profitability.

Stop & Shop decided to eliminate 170 headquarters

(Continued on page 51)

Ward Shifts Focus to CE, Specialization

By Pamela Krein

OCEANSIDE, Calif.— Montgomery Ward opened its first freestanding electronics and appliance center here last month, competing directly against entrenched consumer electronics specialty chains like The Federated Group and Silo.

Under the name Focus Montgomery Wards, the Chicago-based company has realigned its store operations into five divisions, whereby each area can operate on its own as a freestanding outlet or work in combination with others to create "stores within a store."

In addition to electronics and appliances, the company is also specializing in apparel, home furnishings, automotives and seasonal products, all areas of the full line general merchandise store that conceivably could be spun off as specialty chains.

A spokesman for Ward said the retailer chose the electronics and appliance center for its first freestanding venture because it is the company's strongest division. This specialization by Ward represents its effort to become a series of discount stores, said Vic Sholis, national merchandise manager for electronics.

The first specialty store was opened in Oceanside because

(Continued on page 51)

Montgomery Ward's specialty store startup brings the retailer into direct competition with CE specialty chains. (DSN photo)

'Housewars' Declared

NHMA, Interface Flap Embroils Discounters

By Mary Ellen Kelly
Nationwide DSN Report

The tug of war between the National Housewares Manufacturers Association (NHMA) and The Interface Group has roped the discount store industry into the show controversy.

Days after the NHMA announced it will return to a two-show a year schedule in 1988—with a second show whose timing threatens the existence of The Interface Group's HouseWorld Expo—Interface said it will honor three discount industry leaders during its premiere 1987 show.

Additionally, the NHMA has decided to alter its time-honored exhibitor seniority format, as part of its strategy to maintain vendor loyalty. Readdressing the sensitive pecking order for show space could tip the scales either for or against the NHMA, industry sources said.

Julian Seeherman, president and ceo of Venture Stores; Malcolm Sherman, chairman of Zayre Corp., and Raymond Zimmerman, chairman of Service Merchandise, will be honored along with Lee Abraham, chairman and ceo of Associated Merchandising Corporation (AMC), during

(Continued on page 52)

McDade Creditors to Vote on Bankruptcy Plan

By Karen Paxton

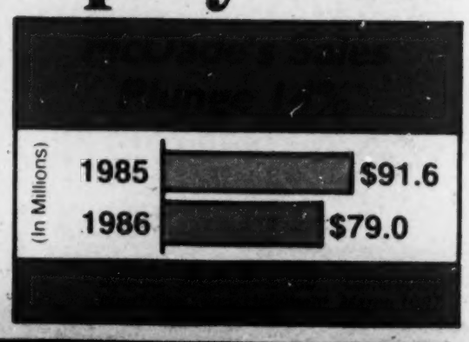
CHICAGO — Creditors of McDade & Company, which operates eight catalog showrooms here, are scheduled to vote on a Chapter 11 reorganization plan by May 7, said Glen Bernfield, counsel for the cataloger chain.

The company was forced into an involuntary Chapter 11 filing last month by its creditors committee, led by Black & Decker, Panasonic and General Electric.

Bernfield said the company could emerge from bankruptcy protection by the end of May, if the creditors approve the plan and the judge decides how much money will be required to fund the plan at the confirmation hearing, scheduled for May 14.

The proposed joint reorganization plan will pay credi-

(Continued on page 52)



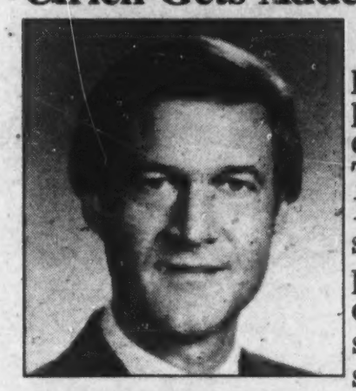
Children's Sleepwear Takes on New Looks

13th Annual Product Movement Audit:

BEST AVAILABLE COPY

MARKETWATCH

Ulrich Gets Added COO Title at Target



MINNEAPOLIS — Target president Robert Ulrich has been promoted to president and chief operating officer. Ulrich, who joined Target as president in December 1984, assumes responsibility for store operations in addition to his previous supervision of merchandising, importing, advertising, sales promotion, merchandise presentation and distribution.

C.O.M.B. to Acquire CVN

MINNEAPOLIS—Closeouter C.O.M.B. plans to complete its transformation into a video retailer by acquiring the 50% interest in teleshopper CVN that it doesn't own and adopting the CVN name. C.O.M.B. will buy the other half from a consortium of 23 cable TV operators, paying them eight million warrants, convertible into stock of the new CVN at $18.125 a share. The cable operators, who would obtain a 44% stake in new CVN if all the warrants are exercised over the next five years, must agree to an undisclosed long-term commitment to carry the service.

Ross's Losses Top $41 Million for 1986

NEWARK, Calif.— Ross Stores reported heavy year-end losses stemming from closing 25 underperforming stores. A resulting $39.4 million non-recurring pre-tax charge increased losses to $41.4 million on sales of $534 million, for the year ended Jan. 31. Without the store closing charge, the company said it would have reported a $6 million pre-tax loss. In fiscal 1985, the off-price chain had registered earnings of $7.1 million on sales of $376 million.

Hafts Raise Stakes in Supermarkets Bid

WASHINGTON — Dart Group, the holding company controlled by former Dart Drug owners Herbert and Robert Haft, has upped the ante in its bid to take over Supermarkets General (SGC), parent of Pathmark supermarkets, Purity Supreme and Rickel Home Centers. The new offer is $45 per share, $42 in cash and $3 in preferred stock, up from $41.75 previously. With 38.5 million shares of SGC stock affected, the price totals $1.73 billion.

Heck's Reports $17.8M Loss for 1986

NITRO, W. Va. — Heck's, which filed for protection under Chapter 11 bankruptcy March 5, lost about $17.8 million on net sales of $566.3 million in 1986, show the unaudited operating results the company released. Fourth quarter losses totaled $7.8 million net on $181.2 million in net sales. Heck's reported that it had been able to "generate positive levels of cash" since the Chapter 11 filing.

K mart, Jamesway Declare Stock Splits

NEW YORK — Troy, Mich.-based K mart Corp. and Secaucus, N.J.-based Jamesway declared stock splits and raised dividends last month. K mart increased its quarterly dividend rate by 18% and declared a 3-for-2 stock split. The dividend has increased to 43.5¢ a share from 37¢ on a pre-split basis, payable June 8 to holders of record May 21. The dividend on post-split shares will be 29¢ a share.

Jamesway increased its quarterly cash dividend rate by 33% and declared a 2-for-1 stock split. The dividend increased to 4¢ a share from 3¢ on the pre-split stock, payable May 23, the same date of stock distribution to holders of record on April 20. Outstanding shares will increase to 13.9 million from 6.9 million.

INDEX

Adwatch 8
Apparel 17
Children's Sleepwear 17
Manufacturer News 21
Classified 49
Editorial 6
Hard Lines 31
Automotives Product Movement Audit 34
Ethnic H & B A Product Movement Audit 44
Hardware Product Movement Audit 31
H &B A Product Movement Audit 32
Sporting Goods Product Movement Audit 39
Stationery Product Movement Audit 40
Toys Product Movement Audit 36
Home Products 23
At the Source 29
Housewares Product Movement Audit 23
Manufacturer News 24
Retail Management Development Series 48
Stock Update 46

Proposed Law Establishes Subsidies For Companies that Employ Seniors

WASHINGTON — Discounters who employ older workers would be eligible to receive hefty Federal tax subsidies under new legislation.

Rep. Silvio O. Conte (R-Mass.) has introduced a bill to provide a Targeted Jobs Tax Credit (TJTC) for employers hiring senior citizens.

Conte told his colleagues that "with the average age of Americans rising, it is imperative that we in Congress create means by which this older class of individuals can be gainfully employed while still enjoying their Golden Years."

His bill would allow employers to take TJTC for each newly-hired worker at least 55 years of age earning not more than $20,000 in gross income per year and not receiving wages subsidized under the Older American Community Service Employment Act.

Under the current TJTC program, discounters can receive $2,400 subsidies (up to 40% of the first year salaries paid to each qualified individual) for each newly-hired worker from targeted groups, such as the handicapped, Vietnam vets, co-operative education students, SSI recipients and poor youths.

In addition, a bill similar to Conte's has been drafted by Rep. Pat Williams (D-Mont.) that would extend TJTC not only to older workers but also to those who lose their jobs from foreign competition.

Even though TJTC provides substantial financial incentives, many employers over the past several years have shied away from active participation in the program.

The main reason is the uncertainty over Congressional reauthorization of the program. For example, TJTC was declared technically dead for most of 1986 before Congress retroactively reauthorized the program as part of last year's tax reform bill. Furthermore, the tax reform provision will make targeted job credit available to employers only through 1988.

To overcome such reluctance, Sen. John Heinz (R-Pa.), a long-time TJTC advocate, has started a campaign on Capitol Hill to encourage employers to participate.

Heinz has unveiled a that would make TJTC permanent at its current level. "It is time to give this proven program genuine permanence."

Kennedy Wage Bill Gains Support

WASHINGTON — The drive for legislation to increase the national minimum wage gained fresh momentum on Capitol Hill when the Congressional Democratic leadership in both chambers joined the chorus calling for steep hikes in the current $3.35 hourly pay floor.

The new legislation, sponsored by Senate Labor and Human Resources Committee chairman Edward M. Kennedy (D-Mass.), would raise the minimum wage rate by $1.30 per hour in three steps beginning January 1 of next year.

Like other proposals already pending in Congress, the new Kennedy bill, S837, ultimately would index the minimum to the average hourly earnings of all private sector workers, a move that virtually would assure automatic annual pay adjustments.

Kennedy's counterpart in the lower chamber, House Education and Labor Committee chairman Augustus Hawkins (D-Calif.), has announced plans to sponsor companion legislation.

With Democratic leaders in both houses actively pressing to raise the Federal minimum wage, prospects for enactment of a bill this year have brightened considerably.

Many industry lobbyists privately concede that passage of some type of wage hike appears inevitable.

The best hope for avoiding a steep minimum wage hike this year may be the threat of a presidential veto.

Although the White House initially took no position on the

(Continued on page 52)

DSN 25th ANNIVERSARY TRIVIA QUIZ

As part of its 25th anniversary, DSN is offering a $100 prize to the person who correctly answers the most questions during the year. Please type the answers, along with your name, address and telephone number, on standard letterhead, and mail to: Quiz Editor - 4/13, Discount Store News, 425 Park Ave., New York, N.Y. 10022. Winners and answers will be announced in a future issue. Answers to questions below appear elsewhere in this issue.

25 Years Ago This Week:

Imagine If It Had Been Slamdancing: Police, firemen and the Better Business Bureau were among the guardians of the public weal who failed to close down Tucson, Ariz.-based Thrift City's Twist-a-thon, which lasted over 38 hours and drew thousands of spectators, many of whom stayed on to shop.

And The FTC lodged charges against Reiser & Co., which called its bob-pins "first-prize." The FTC contended the pins "never won a prize for anything."

1. In 1962 discounters accounted for over 30% ($100 million) of sales in what fast-growing product group, even though traditional retailers were often less expensive?

a) Audio equipment
b) Cameras
c) Color TVs

20 Years Ago This Week:

"And We Sold 18,000 Copies the Next Day": A Korvette ad in The New York Times inadvertently listed Beethoven's Eroica symphony as Erotica.

"Maybe they're on to something big category." Drug Fair, a 91-store chain logged a 5.8% sales jump one month after becoming a discounter.

2. What major discounter planned a blitz of the St. Louis market with six units to be built by mid-1968, as part of its planned 50-store-a-year expansion program?

a) K mart
b) Grandpa Pigeon's
c) Wal-Mart

10 Years Ago This Week

"And Next We're Going to Have a Furniture Toss": Georgia discounter Big K reported success with promotions involving tossing from its roof numbered ping-pong balls and paper plates redeemable for prizes.

"Our Peanut Section Is Thriving Too": Pennsylvania's Gaylords reported that large size apparel was the hottest section in the store, due to "a lot of beer drinkers here."

3. What chain posted a 122% gain in profits two years after emerging from a harrowing Chapter 11 bankruptcy?

a) Wal-Mart
b) Sav-Mart
c) Mammoth Mart

5 Years Ago This Week:

Blame It On Punk Rock: A discount record supplier said, "Joan Jett is selling well along with the new-wave style music, but the latest Kenny Rogers album has been a disappointment."

Except for All those Missing Quarters: A public opinion poll revealed that most Americans think video games have no effect on kids.

4. What major retailer was interested in buying Fedmart in 1982?

a) K mart
b) Dayton Hudson
c) May Department Stores

One Year Ago This Week:

LBO Fever: Top executives of Howard Discount Stores, led by chairman James A. Dismore, were attempting to buy the company from parent Wickes.

5. Former Sam's director of operations Robert Palmer and Designers Gallery ceo Jeffrey Zisk joined forces to found what new company?

a) SportsClub
b) HomeClub
c) American Wholesale

CATALOG SHOWROOMS

Jewelry Will Sparkle In Industry's Future

ARTHUR MARKOWITZ

Catalog showrooms are passé; long live catalog showrooms.

This doesn't mean the industry is dead. It's still a lively $5 billion-plus business, a hard lines retailing powerhouse moving items that range from footballed small appliances to fine diamonds that sell for $10,000 and more.

But the traditional catalog showroom approach of relying just on an annual book to market an overpowering assortment of hard lines in huge showrooms is past tense for a major portion of the industry.

Instead, catalogers have repositioned themselves as a new type of retailer: a diversified jewelry and hard goods specialty store that exploits a market niche between full-line merchandisers like discounters and conventional department stores and one-category specialty retailers like consumer electronics, sporting goods or toy stores.

The industry's new look has seen catalogers recast their hard goods merchandising more narrowly to focus on jewelry and giftware as the core, high profit center, with four ancillary categories, houseware and home goods, consumer electronics and photo, leisure (toys and sporting goods) and juvenile, positioned as traffic driving areas that generate fast-turning, gross margin dollars.

The annual catalog is now supplemented with targeted advertising using direct mail flyers, radio and TV.

The industry's repositioning reflects the ongoing evolution that has marked all segments of retailing. Catalogers have had to seek a new marketing niche because their merchandising stance of the 1960's and 70's did not prove viable for the 80's. The annual catalog's low, everyday price was undercut by sharper promotions from other retailers, while the showroom's order and pickup system failed to provide the fast checkout or personal service customers demand.

Catalogs now can be broadly segregated into one of two distinct types, one that harkens back to the industry's pioneer days and the other that points the way to the future.

The first group merchandises jewelry and giftware and the four other categories in large showrooms that typically run 40,000 sq. ft. and more in size. These chains tend to mass display most categories except for jewelry and, in some cases, consumer electronics and photo.

These large showrooms are fossils from the industry's early days when catalogers tried to merchandise a vast assortment that included hardware, auto accessories and even health and beauty aids. Catalogers still operating these mass display, self-service giants have been forced to merchandise the broadest hard lines mix, including the extensive use of not-in-catalog goods, to fill space.

The other group follows a tighter merchandising approach in salesclerk service-oriented showrooms that rarely are larger than 35,000 sq. ft. They focus more heavily on jewelry and giftware, often appearing to be jewelry stores that have wandered into the housewares, home, consumer electronics and photo categories, and usually avoid the leisure and juvenile areas.

The industry's future lies with these jewelry-driven showrooms. Recognizing this, a number of catalogers that in the past operated large showrooms now are opting in their expansion planning for scaled-down stores that reflect the sharply edited, hard lines merchandising approach of the jewelry directed chains.

Product Movement Audit Highlights Lead Items from Major Distributors

Nationwide DSN Report

A talking bear, a rifle and an alkaline battery were the three leading products in total dollar movement at discount stores last year, *DSN*'s 13th annual Product Movement Audit (PMA) found.

The audit examines movement figures from leading distributors serving full-line discount stores, as well as other key retailers selling the products covered in the section.

Beginning on page 23, this year's PMA, which tracks sales performance in 1986 and forecasts this year's trends in key discounter product categories, revealed that:

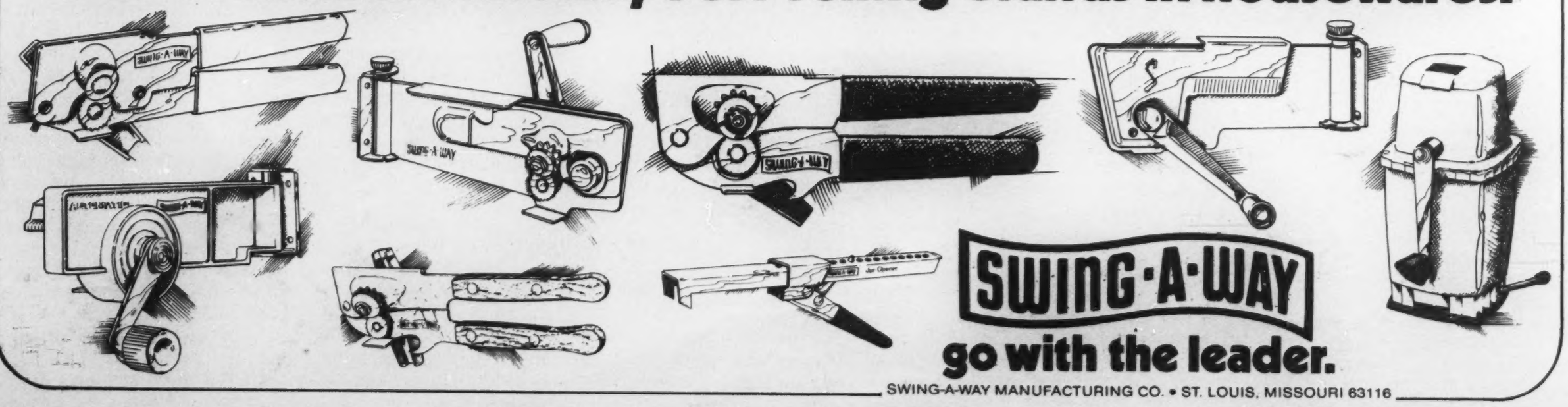
- Slate blue was the "in" color for housewares last year; mauve is expected to be this year's best seller. Corning's Visions cookware was the best dollar mover; but bath items appear to be a fast growing category (page 23).
- Hardware vendors' efforts to make their products more appealing to women continued last year, as better packaging and instructional information showed up on many items. Batteries, because they are merchandised extensively in discount stores, usually in several locations, including checkout, led in dollar volume. After batteries, light bulbs was the next biggest dollar category (page 31).
- The trend to eye care products, especially items for contact lens wearers, fueled gains in the H&BA category. Listerine mouthwash was the top dollar mover in the category, while Tylenol Caplets was ranked third (page 32).
- In automotives, new eye-level brake lights that are now mandatory on all new cars was the fastest growing accessory. The two biggest dollar volume products in the category, oil filters and sealed beam headlamps, swapped their rankings from the previous year (page 34).
- Teddy Ruxpin replaced Cabbage Patch dolls as last year's dollar volume champion, and Pressman's Wheel of Fortune game dethroned Trivial Pursuit as king of the board games. Lazer Tag, the hot product of Christmas 1986, failed to rank high on the PMA list because of its late availability (page 36).
- Firearms led the sporting goods list in dollar movement. The meteoric rise in exercise equipment cooled off somewhat last year. Warmer weather early this year is propelling sales of sporting goods in general (page 39).
- Home office products like file accessories spurred growth in stationery departments, but the biggest volumes were generated by staples like filler paper, binders and pencil sets (page 40).

Discounters' Top Sellers

Product	Unit Movement	$ Movement
Housewares		
Corning Visions 6-pc. cookware set, V390	16,757	$927,332
Corning Visions 6-pc. saucepan set, V300	10,043	497,028
Anchor Hocking 40-pc. entertainer set	5,961	209,171
Hardware		
Eveready E91BP-4 AA alkaline battery	319,023	979,401
Eveready E93BP-2 C alkaline battery	372,903	902,425
Eveready E95BP-2 D alkaline battery	299,988	725,971
Stationery		
Mead filler paper 200 0215	269,963	159,276
Trapper Keeper binder 29096	27,211	143,996
Faber 10-pack . pencil pegged	235	138,696
Health & Beauty Aids		
Listerine antiseptic mouthwash 32 oz.	211,370	758,818
Bausch & Lomb sensitive eyes saline 12 oz.	187,076	671,602
Tylenol Caplets extra strength 50's	127,764	471,449
Toys		
Worlds of Wonder Talking Teddy Ruxpin	27,000	1,619,730
Bontempi B/O 12 key organ	39,000	662,610
Pressman Wheel of Fortune	52,000	623,480
Sporting Goods		
Marlin Rifle with scope	12,868	1,157,991
Marlin 30AB Rifle	4,530	815,355
U.S.R.A. shotgun 12085	3,620	687,763
Automotives		
Ford Flia Motorcraft oil filter	169,339	506,324
Naplc 6052 sealed beam, large square	60,484	483,267
Armor All Protector 16 oz.	58,465	408,670

Source: Leading distributors

One of the best-known, best-selling brands in housewares.



SWING-A-WAY

go with the leader.

SWING-A-WAY MANUFACTURING CO. • ST. LOUIS, MISSOURI 63116

Home Products

New Housewares Show Products Carry Higher Price Tags

By Harold Rubin
President,
HalMar Distributors

Believe it or not, the April National Housewares Manufacturers Association's (NHMA) show was packed with new *products*, not just new colors. Buyers finally have the opportunity to take new merchandise and run with it.

Along with new products, however, will come new pricing. Manufacturers are telling me they either need to raise prices because they have incurred higher material costs or because they haven't been able to take increases for several years now. On the latter reason, they have a point.

Competition Lags

In the past, due to vendor competition, retailers knew they could fight manufacturers on price and, more often than not, win that price battle. Now, however, competition is not quite as intense due to mergers, higher import tariffs and more company failures. As a result, prices will edge up during 1987.

Gadgets in particular will go up in price during the year. The wave of increases is coming, and when it hits it will probably be around 4%.

Gadget manufacturers are doing a lot of repackaging and trying to create an update of staple kitchen items.

The Swing Away can opener and junior can opener were the two top selling gadgets, each with sales over $100,000. Timers also captured several of the top 15 spots in 1986.

By now everybody in plastics has jumped on the slate blue bandwagon. In fact, Rubbermaid's slate laundry basket was the top selling item by that vendor, according to our 1986 ranking. The next color we're going to see on the rise is mauve, initiated by Worcester, Mass.-based Frem Corp. I believe mauve will spur plastics sales beyond its already strong growth.

Some of the merchandise that had appeared under the plastics header last year has been dropped from this year's listing. Retailers decided to move some of the merchandise like closet wire racks and shelves to hardware.

Bath has also developed into a very active category, especially with so much of the merchandise now being packaged for pegged display.

Toilet seats from Magnolia, scales from Counselor as well as new carding from manufacturers like Selfix have enhanced the area's visual appeal by giving more front-face product exposure. Hanging displays also give bath a more self-service image.

The two top ranked Pyrex items, the thermal servers, are being discontinued by the manufacturer.

The Clear Advantage line of non-stick glassware introduced by Pyrex the end of last year should make its way into the top slots once the consumer advertising program goes into full swing. It will become a bright light in the bakeware business.

(Continued on page 24)

PLASTICS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Eagle E2757 Juice Decntercir	37,695	2.06	77,652
2	Tucker 3216 Storage Bin 3 pc Alm	1,953	22.85	44,626
3	Eagle E2755 1 qt Juice Decantr Clr	28,193	1.43	40,316
4	Frem 720 Spacemaker Bin Asst	36,326	1.07	38,869
5	Vanderbilt 751 Nylon Baster	28,574	1.25	35,718
6	Beacon L85 Paper Towel Holder	16,774	2.06	34,554
7	Arrow CS53D Decor Cutting Board	4,662	7.19	33,520
8	Hutzler 350 Scour Pad Holder	24,111	1.07	25,799
9	Frem 716 Sm Utility Bskt Asst	23,820	1.07	25,487
10	Jarsen 60130 Polar Pak Asst 3.5 qt	6,427	3.59	23,073
11	Frem 721 Mini Spacemaker Bin Asto	32,039	0.71	22,748
12	Frem 806 Bowl Asst 13 oz	50,102	0.44	22,045
13	Sterilite 865 Butter Dish Alm/Choc	18,748	1.16	21,748
14	Eagle 73420 Micro-Ald 5 pk 20 oz	4,812	4.31	20,740
15	Frem 809 Bowl Asst 2.5 qt	12,772	1.61	20,563

GADGETS

1	407R Swing Away Opener	24,169	5.21	125,920
2	107 Swing Way Jr Opener	41,112	2.69	110,591
3	101 Range Reflector 6 in	36,673	2.60	95,350
4	102 Range Reflector 8 in	31,230	3.05	95,252
5	Rhodes 29031-UC Timer White	8,647	7.64	66,063
6	Intermatic D611B Cordless Timer	4,840	12.59	60.936
7	Ekco 00050 Stainless Peeler	35,674	1.70	60,646
8	Rhodes 29035-UC Timer Almond	7,700	7.64	58,828
9	Intermatic D711B Supercop Plug-In Time	4,825	10.79	52,062
10	Ekco 00840 4 Way Can Opener	28,847	1.70	49,040
11	Range 105A Reflec Pan-GE-Hotpt-6	33,515	1.43	47,926
12	Range 106A Reflec Pan-GE-Hotpt-8	24,092	1.97	47,461
13	Ekco 00030 Peeler	51,347	0.89	45,699
14	Sprfld 8153-2 Cookng Timer-Snbeam	4,209	9.89	41,627
15	0001-16/2428 Lux Timer	3,744	10.79	40,398

CLEAN/CHEM

1	FC4101 16oz Scotch Guard	15,398	7.46	114,869
2	271 Fanti Stik Spray 32 oz	38,649	2.60	100,487
3	201 D-Con Ready Mix 16 oz	23,256	4.04	93,954
4	Dawn Liquid Detergent 32 oz	24,470	3.50	85,645
5	51 D-Con Mouse Pruf 1.5 oz	49,902	1.61	80,342
6	084 Glass Plus Spray 32 oz	30,055	2.60	78,143
7	2291 Lysol Spray 12 oz	16,574	4.22	69,942
8	2121 Lysol Spray 18 oz	11,919	5.39	64,243
9	Tide Liquid Detergent 64 oz	8,779	7.19	63,121
10	0339 Pledge Lemon 14 oz	17,521	3.41	59,747
11	Spic & Span Cleaner 27 oz	11,795	5.03	59,329
12	Downy Fabric Softener 64 oz	12,944	4.40	56,954
13	215 Easy-On Starch 22 oz	26,109	1.97	51,435
14	5432 Beacon Mop & Glo 32 oz	10,935	4.67	51,066
15	00026 Soft Scrub 26 oz	13,838	3.23	44,697

COOKWARE

1	Ekco 64110 Bakers Cookie Sheet	42,709	4.67	199,451
2	Ekco 64330 Bakers Db Cake Pan	42,913	4.13	177,231
3	Nordic 62304 Micro-Go-Round	3,309	44.99	148,872
4	Ekco 64260 Bakers Roast/Bake	22,785	6.20	141,267
5	Ekco 64100 Bakers Cookie Sheet	33,097	3.95	130,733
6	Ekco 64200 Bakers 12 cup Muffin	24,811	5.03	124,799
7	Normandy 312G Saucepot 12 qt Bone	6,864	15.11	103,715
8	WearEver 26032 12 In Chef Fry Pan	7,773	11.69	90,866
9	WearEver 26030 10 Saute SilverStone	9,503	8.99	85,432
10	Ekco 64900 Bakers Secrt 9 pc Set	2,573	26.99	69,445
11	Ekco 64470 Bakers Loaf Pan	17,082	3.77	64,399
12	WearEver 46032 Chef Fry 12 In S/Stone	4,331	14.84	64,272
13	WearEver 46030 Chef Fray 10 In S/Stone	4,613	12.59	58,078
14	WearEver 26028 Saute Pan 8 In S/Stone	8,855	6.29	55,698
15	Hillside HM60SP Spring Form Pan	7,187	7.73	55,556

PYREX

1	Corning 233 Utility Dish	18,473	7.19	132,821
2	Corning 1215 Bakers Choice Set	7,052	17.09	120,519
3	Corning 234/4/Org Obl Bake Dish	11,218	8.99	100,850
4	Corning 516/Org Measure Cup	23,709	3.59	85,115
5	Corning 6230F Cov Cass & Bskt Fald	6,801	11.24	76,443
6	Corning 506/Org Measure Cup	25,693	2.69	69,114
7	Corning 463 D Custard Cup	17,200	3.95	67,940
8	Corning 232 Utility Dish	10,201	6.29	64,164
9	Corning 222 Org Cake Dish Square	12,446	5.03	62,603
10	Corning 2320F 2 qt Bake Dish & Bskt	5,278	11.24	59,325
11	Corning 233M 3 qt Rect Baking Dish	7,688	7.46	57,352
12	Corning 532/Org Measure Cup	11,234	4.67	52,463
13	Corning 684M 2 qt Cov Casserole	7,271	6.83	49,661
14	Corning 210/6/Org 10 In Pie Plate	13,134	3.41	44,787
15	Corning 464 D Deep Pie Dish	7,823	5.39	42,166

RUBBERMAID

1	2965 Laundry Bskt Slate Bl	30,226	5.93	179,240
2	2894 Ruffneck 32 gal Cont	6,979	23.84	166,379
3	2965 Laundry Bskt Almond	27,075	5.93	160,555
4	2965 Laundry Basket Ch	23,289	5.93	138,104
5	0450 Bath Mat White	31,421	3.86	121,285
6	6032 Dish Drainer Slate Bl	17,582	6.74	118,503
7	6032 Drainer Almon	16,735	6.74	112,794
8	0450 Bath Mat Lt Blue	28,938	3.86	111,701
9	6008 Dish Drainer Blue	18,533	5.84	108,233
10	8527 Micro Set 7 pc	3,524	28.79	101,456
11	2864 Fliptop Basket Blue	11,512	8.54	98,312
12	7041 Bath Mat White	16,541	5.84	96,599
13	2979 Roughneck 30 gal Cont	4,029	23.84	96,051
14	6008 Drainer Almond	16,070	5.84	93,849
15	2951 Dishpan Almond	27,084	3.32	89,919

(Continued on page 24)

MARKETWATCH

NEW YORK — **Fortunoff**, the jewelry and home furnishings-oriented department store that was founded in Brooklyn in 1922 as a tiny store selling housewares, is celebrating its 65th anniversary with a series of ads and circulars in the New York metropolitan area. The still family-owned firm—originally called Max Fortunoff Department Store—is using old photos of the original Livonia Avenue store along with copy highlighting Fortunoff's family heritage. "In 65 years, just how much has changed?" asked one full-page ad. "Not much in terms of value" implies the copy. The company has come a long way now, with stores in Westbury, Long Island; Wayne, N.J., and Manhattan.

WOOSTER, Ohio — **Rubbermaid**, the giant housewares supplier based here, has completed its previously announced acquisitions of Viking Brush Ltd. of Canada and the Little Tikes' Manufacturing licensee in Ireland. The company did not disclose any financial terms of the two deals.

* * *

WASHINGTON — Sales of home video products began 1987 with mixed results, the **Electronic Industries Association/Consumer Electronics Group** (EIA/CEG) based here reported. Color televisions (including those with built-in stereo), videocassette recorders and camcorders all gained in sales for January while sales of black-and-white TVs declined 22% and projection TVs slipped 13%. Color TV sales to dealers increased 3% to approximately 1.3 million units, while those with built-in stereo advanced 5% compared to last January. Color TV had its best sales year ever in 1986, with total unit sales of 18.2 million. Approximately one of every six color sets sold in 1986 contained built-in stereo and it is expected by the EIA/CEG that this percentage will increase to 30% this year. Videocassette recorders, which also set a sales record last year of 13.2 million units, rose 18% in January compared to the same month last year. Camcorders began 1987 with a 43% jump over last January's sales.